

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, February 10, 2017 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:30 a.m. Board Members present were John Yeager, Todd Wintters, Demond Dawkins and Bryan Brokaw.

Ex-officio member Mayor Eric Hogue and City Manager Mindy Manson were present.

WEDC staff present was Executive Director Sam Satterwhite, Assistant Director Jason Greiner and Senior Assistant Angel Wygant.

CITIZEN PARTICIPATION

There being no citizen participation, President Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the January 20, 2017 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

Staff commented that a Board Member had inquired about the property address for the 111 N. Ballard lot referenced in the Minutes. Staff informed the Board that the address is consistent with the Collin County Central Appraisal District property listing but does not correlate with the adjacent properties. To the north of the WEDC lot 103 Ballard (Boyd Recording Studio) and to the south 105-A Ballard (Unique Optique). Board President Fuller requested that the record reflect the physical location of the lot.

MOTION: A motion was made by Bryan Brokaw and seconded by Todd Wintters to approve the January 20, 2017 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon a Second Amendment to a Performance Agreement between the WEDC And REVA Hospitality Wylie, LLC.

On January 9, 2017, the WEDC approved a First Amendment to the Performance Agreement between REVA Hospitality Wylie, LLC (REVA) and the WEDC for the development of a Holiday Inn Express & Suites. The First Amendment extended the date by which REVA would acquire

the 2.4 acres necessary to develop the project to February 10, 2017. Staff explained that among other recent changes to the project, REVA is going to miss the required closing date now scheduled for February 13th.

Additional changes have been presented to staff in this fast-paced project. The 98-room development was only approved for 82 rooms by IHG (Holliday Inn Express & Suites parent company). While construction cost has decreased by \$1,280,000 (\$80,000 per room), the appraised value used in the WEDC cost-benefit analysis determining new property taxes generated has not. In evaluating property taxes generated, the Appraisal District utilizes an income approach which predominately utilizes sales data in combination with a market approach. Similar sized projects in Allen (\$4.3 mm), Frisco (\$5.3 mm), and McKinney (\$3.1 mm at 53,000 square feet) were utilized for comparison. Staff utilized a \$4,000,000 new tax value figure when calculating taxes generated which remains a constant.

Based upon annual sales projections developed by IHG, \$2,000,000 is still being utilized even with 16 less rooms. The taxable sales will determine the amount of hotel & motel occupancy tax generated which is directly tied to infrastructure reimbursements. The only variation from the original calculations is a reduction in thoroughfare impact fees of \$11,520 based upon a per room fee of \$720. Based upon that change the breakeven point moves from 1.6 years to less than 1.7 years. Staff believes all other assumptions still hold true except for Real Property Improvements now being \$6,560,000 opposed to \$7,840,000 which do not impact appraised value.

Even with the amount of time which has now been lost from when the project was originally scheduled to close, REVA is not requesting an extension of the time required to receive a certificate of occupancy which is December 31, 2017. The maximum incentive of \$450,000 will be reduced to \$350,000 should REVA finish the project after December 31st but before June 30, 2018 when no incentive will be paid.

Staff recommended that the WEDC Board of Directors approve a Second Amendment to Performance Agreement extending the date by which REVA Hospitality Wylie, LLC must acquire title to property in Wylie to February 13, 2017 and further amending the number of rooms referenced in the RECITALS to 82 and project cost to \$7.92 mm.

President Fuller requested that, although the sales projections for the project remain unchanged, he would like for staff to update the internal working documents detailing the projections and economic impact of the project to reflect the updated figures reflected in the Second Amendment.

Board Member Wintters suggested modifying the date by which REVA Hospitality Wylie, LLC must acquire title to property in Wylie to March 1, 2017 instead of February 13, 2017 to ensure that ample time is given to accommodate any further delays.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve the Second Amendment to a Performance Agreement between WEDC and REVA Hospitality Wylie, LLC extending the date by which REVA Hospitality Wylie, LLC must acquire title to property in Wylie

to March 1, 2017 and further amending the number of rooms referenced in the RECITALS to 82 and project costs to \$7.92 mm. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

President Fuller recessed the meeting at 6:46 a.m. for a 10-minute break to allow for the arrival of Ryan Pittman, Attorney with Abernathy, Roeder, Boyd & Hullett, PC – Attorneys at Law.

The WEDC Board of Directors reconvened into open session at 6:56 a.m. Mr. Pittman had not yet arrived. Mayor Hogue informed the Board that a State of the City luncheon was being held on February 28, 2017 at 11:30 a.m. at the First Baptist Events Center and encouraged the Board to attend if they were available. President Fuller called for an additional 5-minute recess at 6:59 a.m.

At 7:04 a.m. the WEDC Board of Directors reconvened into open session. President Fuller called the meeting to order and welcomed Ryan Pittman, Attorney with Abernathy, Roeder, Boyd & Hullett, PC – Attorneys at Law.

EXECUTIVE SESSION

Recessed into Closed Session at 7:05 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.071 (Consultation w/ Attorney) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). A governmental body may not conduct a private consultation with its attorney except:

- (1) When the government body seeks advice of its attorney about:
 - (1) pending or contemplated litigation; or
 - (2) a settlement offer, or
- (2) of a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.
 - Receipt of a complaint from Mark Winnubst and Latrice Andrews of Sheils Winnubst, PC.

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:06 a.m. and took no action.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:06 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director